

# SONICO INC.

## SALES AND SERVICE TERMS

**1. AGREEMENT.** This Agreement is made by and between Sonico Inc. (Sonico) and the customer placing the order (Customer). If a General Terms Agreement or other applicable written Agreement exists between Customer and Sonico, the terms of that Agreement will apply in accordance with its terms. In the absence of a GTA, or other applicable Agreement, this Agreement sets forth the entire agreement between Sonico and Customer with respect to the subject matter hereof and supersedes and replaces any other Agreements, understandings, and communications between Sonico and Customer related thereto.

**2. DEFINITION.** As used in the Agreement, "Aircraft Software" means software intended to be utilized in conjunction with maintenance. "Parts" means goods sold under this Agreement (including Aircraft Software). "Leased Parts" means leased parts, not sold, from Sonico by Customer under this Agreement.

**3. PAYMENT AND PRICES.** Prices in customer order are fixed and not subject to revision once the order has been shipped unless provided for in writing in advance of shipment. Payment will be made in United States dollars, subject to approval of Customer's credit by Sonico, payment terms will be as approved by Sonico. In the event payments are not made when due, Sonico reserves the right to assert whatever remedies it may have, including, but not limited to, requiring full payment in advance or altering the terms of payment and stopping work on active orders.

Amounts due Sonico that are not paid within 45 days after the invoice date will be subject to a late payment charge. Such charge will be computed monthly using the prime rate in effect as published and defined in the Wall Street Journal on the 15<sup>th</sup> day of the month as adjusted month to month, plus 2%. If the 15<sup>th</sup> day of the month falls on either a Saturday, Sunday or a United States federal holiday, Sonico will use the rate published on the next business day. Such rate will be applied on the basis of a 365-day year against the past-due amount, commencing on the 46<sup>th</sup> day after the invoice date and continuing until payment is received by Sonico.

**4. TAXES.** "Taxes" are defined as all taxes, fees, charges or duties and any interest, penalties, fines or other additions to tax, including, but not limited to, sales, use, value-added, gross receipts, stamp, excise, transfer and similar taxes imposed by any domestic or foreign taxing authority arising out of or in connection with this Agreement or any order. Except for U.S. federal and U.S. state income taxes and Washington State business and occupation tax and fees imposed on Sonico, Customer will be responsible for and pay all taxes and fees.

**5. PACKING.** Sonico will pack the Parts for domestic or export shipment as specified by Customer or, in lieu thereof, generally in accordance with ATA specification 300.

**6. DELIVERY.** Delivery of Parts and Services and other items will be Free on Board (F.O.B.), as defined by the Uniform Commercial Code, at Sonico's plant. Missed deliveries are not subject to penalties or late fees.

**7. CANCELLATION.** Customer may cancel an order at any time prior to delivery, provided that Sonico will be entitled to receive a cancellation charge for work accomplished up to date of cancellation plus cost to prepare return shipments to Customer.

**8. INSPECTION AND ACCEPTANCE.** All Parts and Services will be subject to inspection by Customer at destination. Use of Parts or failure of Customer to give notice of rejection within 30 days after receipt of the Parts, whichever first occurs, will constitute Customer's acceptance of Parts received. Any notice of rejection will specify the reasons for rejection and Sonico will correct, repair or replace any component rightfully rejected. Upon receipt of Sonico's written instructions, Customer will return rejected components to Sonico or other mutually agreeable destination. Return to Sonico of such components and return to Customer of corrected, repaired or replaced components will be at Sonico's expense if warranty is found to be Sonico's responsibility.

**9. EXCUSABLE DELAY.** Sonico will not be liable for any delay in performance hereunder caused by: (i) acts of God; (ii) war or armed hostilities; (iii) government acts or priorities; (iv) fires, floods, or earthquakes; (v) strikes or labor troubles causing cessation, slowdown or interruption of work; (vi) delivery to anyone pursuant to an Aircraft on Ground (AOG) or critical request affecting any aspect of Sonico's performance identified to an order; (vii) inability, after due and timely diligence, to procure materials, systems, accessories, equipment, or parts; or (viii) any other cause to the extent such cause is beyond Sonico's control and not occasioned by Sonico's fault or negligence. A delay resulting from any such cause is defined as an Excusable Delay and the date for completion of Sonico's performance will be equitably extended.

**10. SPARES WARRANTIES, REMEDIES, AND LIMITATIONS.** Sonico warrants that all goods and services delivered will conform to the requirements of Customer's order, including all applicable descriptions, specifications and drawings and will be free from defects in material and workmanship.

Sonico's warranty shall be in full force, as noted below, from date of shipment to Customer:

<u>FOR CONDITION</u>	<u>CONDITION CODE</u>
<u>PERIOD OF WARRANTY</u>	
New	1
Overhauled (TSO: 00:00)	2
Serviceable (Continued Time)	3
Repairable	4

If Customer returns goods under this warranty, Sonico shall have the right to repair the defective goods, replace the goods, or issue full or partial credit to Customer.

Parts sold in repairable condition (Code 4) will only be accepted for credit, and then only, if repair costs are known to exceed forty percent of the current manufacturer's price for a new replacement unit.

No warranty will be allowed for parts returned, without reference to Sonico's Material Return Authorization (MRA) number authorizing return. All returned parts must be accompanied by a rejection report signed by a licensed A&P mechanic or inspector (license no. must be stated). The reasons for rejection must be reasonably detailed so that defects can be measured against technical requirements.

**11. MAINTENANCE WARRANTIES, REMEDIES AND LIMITATIONS.** The component, or assembly, covered by this warranty has been maintained by Sonico in accordance with technical data requirements in Customer's order. It shall be the Customer's responsibility to insure that Sonico is instructed as to the maintenance requirements that are to be followed. If no technical data requirements are provided in Customer's order, the component, or assembly, shall have been maintained to manufacturer's FAA approved requirements.

If repair manual, or instructions, for the component, or assembly, does not require replacement of components found serviceable at time of Sonico's maintenance activity, such components are not warranted since they were not provided by Sonico. Sonico warrants all components it replaces and all components reworked by Sonico, as well as its workmanship, for a period of one year, or seven hundred fifty (750) flight hours, whichever first shall occur. Sonico may either repair parts returned under warranty, or provide credit to Buyer for original charges at Sonico's option.

No warranty will be allowed for goods returned without reference to Sonico's Material Return Authorization (MRA) number authorizing return. All returned goods must be accompanied by a report from a licensed A & P mechanic, or inspector (license no. must be stated). The reasons for rejection must be reasonably detailed so that defects can be compared against technical requirements.

**12. INDEMNITIES AGAINST INFRINGEMENT.** Sonico will defend and indemnify Customer with respect to all claims, suits, and liabilities arising out of any actual or alleged patent infringement through customer's use or resale of components provided by Sonico.

In addition, Sonico will defend and indemnify Customer with respect to all claims, suits, and liabilities arising out of any actual or alleged copyright infringement through Customer's use or resale of component provided by Sonico.

Sonico's obligation to indemnify Customer for patent infringement will extend only to infringements in countries which, at the time of the infringement, were party to and fully bound by either: (i) Article 27 of the Chicago convention on International Civil Aviation of December 7, 1944, or (ii) the International Convention for the Protection of Industrial Property (Paris Convention).

Sonico's obligation to indemnify Customer for copyright infringement is limited to infringements in countries which, at the time of the infringement, are members of The Berne Union and recognize computer software as a "work" under The Berne Convention.

Customer must deliver written notice to Sonico: (i) within 10 days after Customer first receives notice of any suit or other formal action against Customer and (ii) within 20 days after Customer first receives any other allegation or written claim of infringement covered by this Section.

SONICO WILL HAVE NO OBLIGATION OR LIABILITY UNDER THIS SECTION FOR LOSS OF USE, REVENUE, OR PROFIT OR FOR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES. THE OBLIGATIONS OF SONICO AND REMEDIES OF CUSTOMER IN THIS SECTION ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES, ALL OTHER INDEMNITIES, OBLIGATIONS AND LIABILITIES OF SONICO AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF CUSTOMER AGAINST SONICO, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE.

**13. CHANGE IN SCHEDULE PRIORITY.** The price quoted and accepted is based on quoted processing priority. Should customer change the priority to critical, expedite or A.O.G. Sonico reserves the right to increase its quoted and accepted price by ten (10) percent.

**14. MODIFICATION.** No modification of this Agreement will be binding on Sonico unless agreed to in writing signed by an authorized representative of Sonico.

**15. GOVERNING LAW.** This Agreement and all Orders will be interpreted under and governed by the laws of the State of Washington, U.S.A.. The United Nations convention on contracts for the international sale of goods will not apply to this Agreement.